

EXHIBIT #1
DATE 1/14/2009
HB 2



Montana Historical Society History

- 1865 Created by Montana's First Territorial Legislature (oldest of its kind west of Mississippi)
- 1891 Made a state agency by the state legislature
- 1902 Moved into the basement of the then-new Capitol Building
- 1949 Board of Trustees expanded; agency redefined by the legislature to current format with most current duties; plans for Veterans and Pioneers Memorial Building begun
- 1950 First true director hired (K. Ross Toole)
- 1952 Veterans and Pioneers Memorial Building dedicated

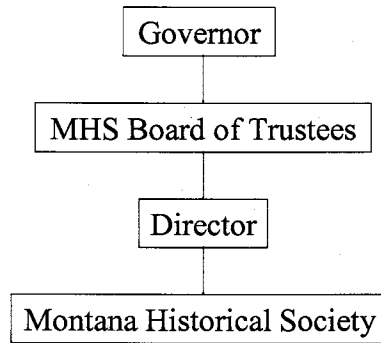
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Montana Historical Society History (cont.)

- 1963 Fine arts responsibilities added to Society by the legislature
- 1977 Preservation Office transferred to the Society from Fish and Game
- 1997 Given oversight of Montana Heritage Commission and Virginia and Nevada City assets by the legislature
- 1997 Given oversight of the Lewis and Clark Bicentennial Commission by the legislature
- 2003 Oversight of Montana Heritage Commission transferred to Department of Commerce
- 2006 New Director- New Vision
- 2006 Senate Art Project completed
- 2007 Lewis and Clark Bicentennial Commission sunsets
- 2008 Smithsonian Affiliate

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General Organization

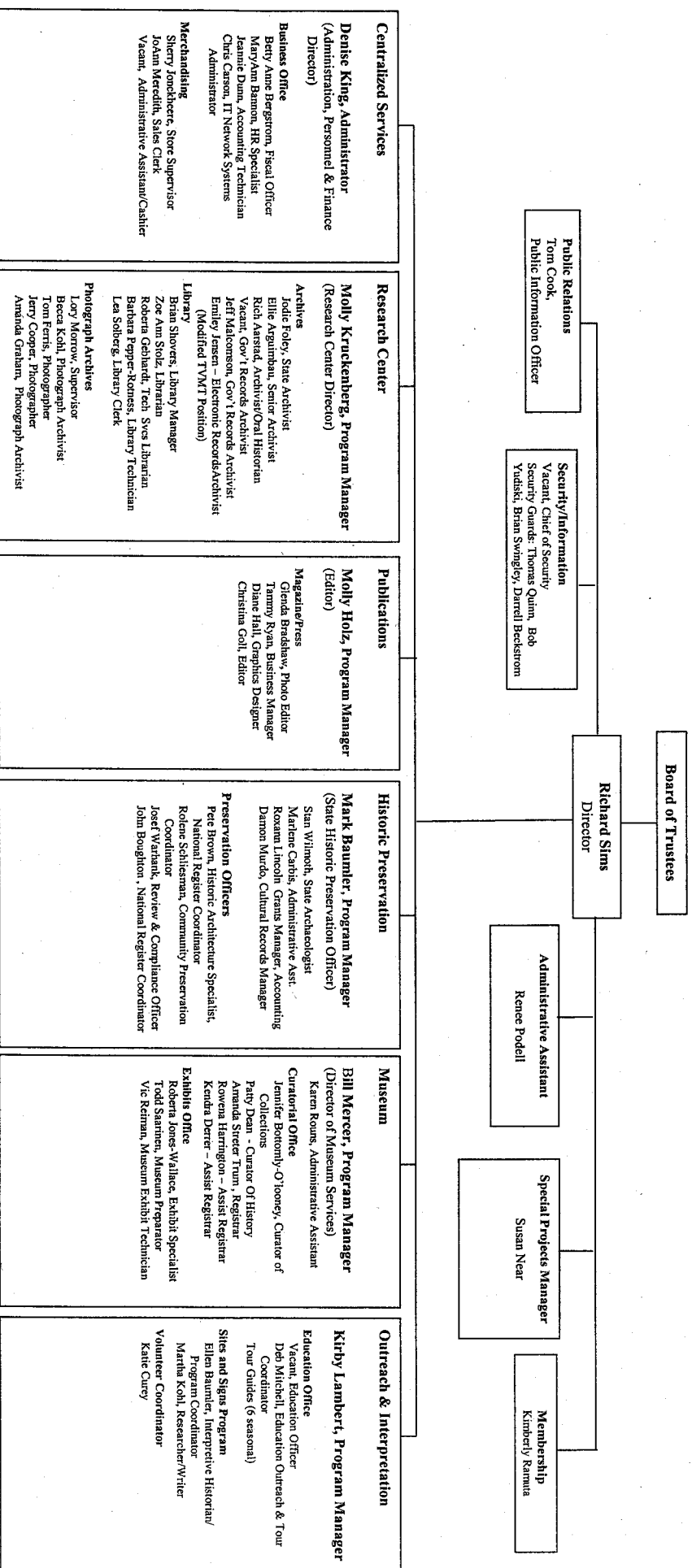


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See expanded organization chart

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Montana Historical Society



Board of Trustees

Jim Murry – President, Clancy

Jim Utterback – Vice President, Helena

Steve Lozar – Secretary, Polson

Janene Caywood - Missoula

Sharon Lincoln - Billings
(Past President)

Jim Court - Billings

Shirley Groff - Butte

Thomas Nygard - Bozeman

George Horse Capture – Great Falls

Lee Rostad - Martinsdale

Kent Kleinkopf - Missoula

Crystal Wong Shors - Helena

John G. Lepley – Fort Benton

Ed Smith - Helena

Robert "Bob" Morgan – Helena – Emeritus Board Member

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Historical Society MCA

22-3-101. Historical society. The historical society of Montana, originally organized under the provisions of an act of the legislative assembly of the territory of Montana entitled "An Act to Incorporate the Historical Society of Montana", approved February 2, 1865, and thereafter made to become the historical society of the state of Montana by an act approved March 4, 1891, entitled "An Act Concerning the Historical Society for the State of Montana and Making an Appropriation Therefore " and by "An Act to Perpetuate the Historical Society of the State of Montana", approved March 1, 1949, is hereby continued and perpetuated as the Montana historical society and as such constitutes an agency of state government for the use, learning, culture, and enjoyment of the citizens of the state and for the acquisition, preservation, and protection of historical records, art, archival, and museum objects, historical places, sites, and monuments and the custody, maintenance, and operation of the historical library, museums, art galleries, and historical places, sites, and monuments.

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Society Programs

Administration Program: provides supervision, administration and coordination of the five programs.

Library/Research Program: consists of the library, archives, and photo archives functions.

Museum Program: collects, preserves, and interprets the history of Montana through its material culture.

Publications Program: promotes the study of Montana history and education through lectures, publications and curriculum materials.

Education, Outreach, and Interpretation: provides educational public programming, interpretation; oversees national sign programs

Historic Preservation Program: administers the Montana Antiquities Act and participation in Federal Historic Preservation Act.

The Society has a total of 61.14 HB2 FTE

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MISSION STATEMENT

- To acquire, conserve, and advocate the protection of, provide broad access to, and interpret Montana's varied historical resources, thus promoting—for its citizens and for all others—the use, understanding, appreciation, and enjoyment of those resources.

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Our Mission

The Montana Historical Society (MHS) exists for the use of learning, culture and enjoyment of the citizens of, and visitors to, the State of Montana by:

acquiring, preserving and protecting historical records, art, archives, museum objects, historical places, sites and monuments.

maintaining a library and an historical museum, providing educational programs and services for teachers and the general public, and publishing the state historical magazine and books.

administering preservation and antiquities acts, supporting commissions with state historical orientation, and providing technical assistance to all Montana museums, historical societies, preservation programs and owners of historical resources.

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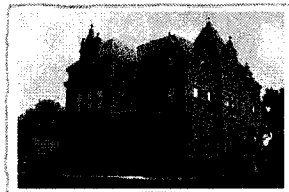
Real Properties

Montana Historical Society Real Property

Original Governor's Mansion (Helena)

Moss Mansion (Billings)

Wolf Point Bridge (Wolf Point)



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Partners

Other State Agencies

Capitol Complex Advisory Council
Office of Public Instruction
Department of Commerce - Travel Montana
Dept. of Fish, Wildlife and Parks (Historic State Parks)
Montana Heritage Commission (Virginia and Nevada Cities,
Reeder's Alley – Helena)
University of Montana (Daly Mansion – Hamilton)

Private Sector Partners

Montana History Foundation (Fundraising)
Museums Association of Montana (Professional)
Montana Archaeological Society (Scientific)
Montana Preservation Alliance (Advocacy)
And Many Individual, Business and Corporate Donors
Great Montana Foundation (Craney Studio)

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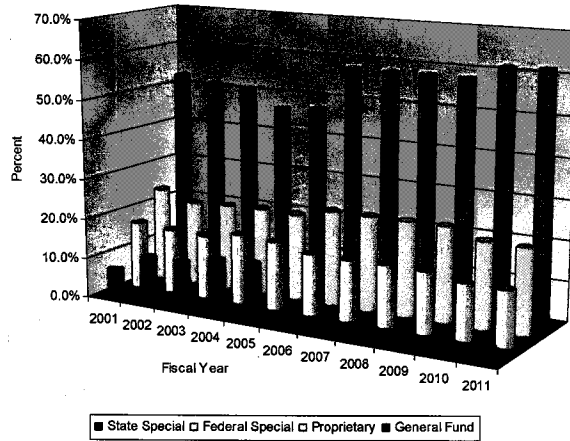
MHS members

Membership Information as of 1/1/2009

<u>Membership Level</u>	<u>Number</u>
Individual	974
Family	422
Explorer	277
Prospector	76
Homesteader	27
Big Medicine	5
Heritage Benefactor	<u>9</u>
TOTAL Membership	1,790

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Montana Historical Society Historical Funding - HB 2



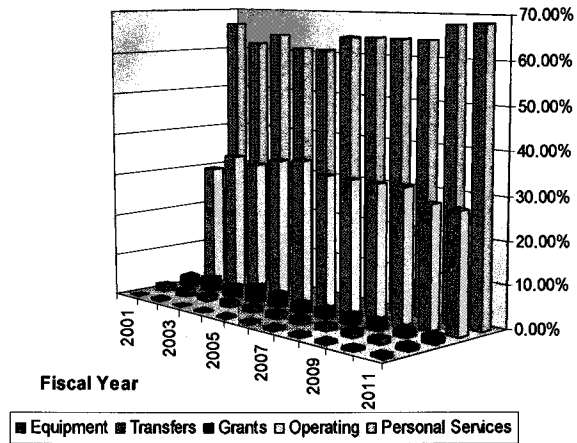
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HISTORIC FUNDING – HB2

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Proprietary	23.8%	21.4%	21.9%	22.3%	22.1%	24.6%	19.6%	19.2%	20.9%	21.7%	21.5%
Federal Special	16.9%	16.4%	16.1%	17.7%	17.1%	15.2%	16.5%	14.9%	13.9%	14.0%	13.9%
State Special	6.8%	11.4%	11.5%	13.7%	13.9%	2.6%	4.4%	1.9%	5.9%	3.1%	3.1%
General Fund	52.4%	50.8%	50.4%	46.4%	46.9%	57.6%	59.5%	64.0%	59.3%	61.2%	61.5%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

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Montana Historical Society Historical Expenditures - HB 2



Historical Expenditures – HB2

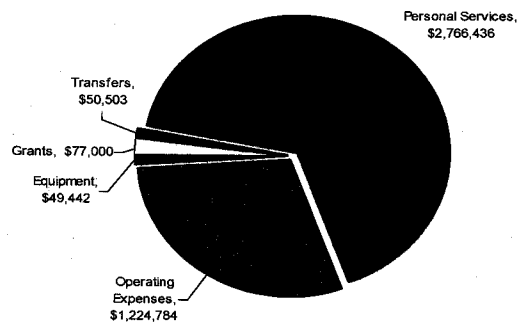
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Personal Services	66.1%	61.4%	64.0%	61.1%	60.8%	64.2%	62.8%	66.4%	68.8%	67.8%	68.1%
Operating	29.6%	33.3%	32.0%	33.5%	34.4%	31.5%	32.0%	29.3%	28.1%	28.7%	28.2%
Equipment	0.0%	0.6%	0.0%	0.3%	0.3%	0.6%	1.7%	1.2%	0.2%	0.7%	0.7%
Grants	2.6%	3.3%	2.6%	3.8%	3.2%	2.3%	2.2%	1.9%	1.7%	1.8%	1.8%
Transfers	1.6%	1.4%	1.4%	1.3%	1.3%	1.4%	1.4%	1.2%	1.1%	1.1%	1.1%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Proprietary Sources of Revenue

- Sale of historic photo reproductions
- Sale of images used for commercial purposes
- Rental of lobby/galleries for receptions
- Museum Store Sales (books, prints, etc.)
- Publishing and sale of historic books
- Membership program
- Fees for tours of Original Governor's Mansion,
Museum, Scriver Center
- Magazine advertisement sales

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HB 2 Only Expenditures by Fund FY 2008 \$4,168,165



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Historical Society Goals 2011 Biennium

More frequent in-the-field services to Montana communities
and Heritage groups and gather input on future of MHS

More mission related partnerships with
Other state agencies
Nonprofit groups
Other levels of government

Master planning of new facility

Launching of fundraising campaign

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Present Law Adjustments

Increase/decrease due to present law base adjustments

	<u>FY2010</u>	<u>FY2011</u>
Personal Services	\$438,597	\$448,676
Operating	(\$ 65,442)	(\$ 65,447)
Fixed Costs	\$148,832	\$117,162
Inflation/Deflation	\$ 2,804	\$ 3,732
Equipment	<u>(\$ 11,117)</u>	<u>(\$ 11,117)</u>
TOTAL	\$ 513,674	\$ 493,006

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Present Law Adjustment Personal Services Overview

Requested increase for the agency is 15.85% for 2010 and (4.92%) for 2011 – a net change of 10.94% for the biennium, which equates to annualization of the 3.6% increase in 2009 authorized by HB13 plus applicable benefits and 5.78% of personal services expenditures funded in base year 2008 by trusts (4.56%), budget amended authority (.60%), and interagency contracts (.62%). The present law adjustment assumes no language appropriation approved and takes into consideration the decrease of trust fund availability.

The accommodations tax supported \$250,383, 8.6%, of personal services costs in SFY 2007. That was no longer available to MHS for personal services in the 2009 biennium due to the change from language appropriation to administrative appropriation; this represents approximately half of the present law adjustment. For the 2011 biennium, the administrative appropriation is not an option and we are pursuing an MOU with Department of Commerce. If the MOU is approved and personal services are funded, the present law adjustment will be reduced accordingly.

In fiscal year 2008, MHS reorganized to create a new Education, Outreach, and Interpretation program 5. Existing education and tour guide positions were moved from Museum program 3 to program 5, as well as a vacant position from SHPO program 6 for the program 5 manager position.

In the MHS reorganization, the staffing pattern was changed to more clearly define the MHS program functions. The reorganization did not impact the collection cataloging staff, nor did it change the 1.30 FTE approved by the 2007 legislature for the collections staff of the museum program. In addition MHS augmented the 1.30 FTE by .70 FTE to make two full FTE for addition to collection cataloging staff.

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Movement of HB2 positions for reorg

<u>BCD</u>	<u>POSITION</u>	<u>517-01</u>	<u>517-02</u>	<u>517-03</u>	<u>517-04</u>	<u>517-05</u>	<u>517-06</u>	<u>NET</u>
RO001	51700081			(1.00)		1.00		0.00
	51700082			(.50)		.50		0.00
	51700083			(.50)		.50		0.00
	51790083			(.85)		.85		0.00
	51790319			(.50)		.50		0.00
	51700003	(.75)				.75		0.00
	51700609					1.00	(1.00)	0.00
RO001.2	51700045				(.75)	.75		0.00
	TOTAL	(.75)	0.00	(3.35)	(.75)	5.85	(1.00)	0.00

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Movement of other HB2 positions

<u>BCD</u>	<u>POSITION</u>	<u>517-01</u>	<u>517-02</u>	<u>517-03</u>	<u>517-04</u>	<u>517-05</u>	<u>517-06</u>	<u>NET</u>
PT018	51700499				(1.00)			(1.00)
	51700015	.50						.50
	51700035			.50				.50
	51700411	(.63)						(.63)
	51700007	(.75)	1.00					.25
	51700303			.20				.20
	51700032			.18				.18
	51700083					(.50)		(.50)
	51700082					.50		.50
PT019	51700015	(.32)						(.32)
	51700032			.32				.32
TOTAL		(1.20)	1.00	(1.20)	(1.00)	0.00	0.00	0.00

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Robert M. Scriver Center



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MOU – HIS/Dept of Commerce Accommodation (Lodging Facility)Tax

Department of Commerce to transfer funds to Montana Historical Society for:

	<u>FY2010</u>	<u>FY2011</u>
Historical Interpretation	\$326,022	\$335,803
Scriver Collection	<u>\$142,589</u>	<u>\$146,866</u>
	\$468,611	\$482,669

LFD issue indicates a need for additional funding to cover all costs associated with the Scriver Collection.

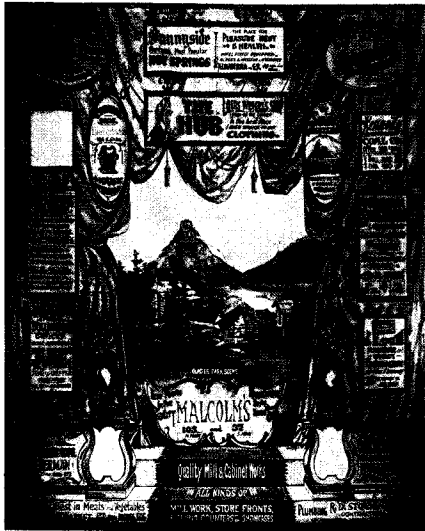
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New Proposals

	<u>FY2010</u>	<u>FY2011</u>
Increase 4% Vacancy Savings to 7%	(\$100,158)	(\$100,474)
Workers' Comp Mgmt Fee	\$ 2,190	\$ 1,899
Align Funding	<u>(\$ 80,666)</u>	<u>(\$ 92,507)</u>
TOTAL	(\$178,634)	(\$191,082)

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Administration



Administration- Program 1

Directors Office: vision of the Society, liaison with commissions, boards, agencies, local groups, Foundation, donor management, fundraising;

Security: provides security for artifacts at the Society and provides information to the public;

Public Relations: performs outreach and public relations for the Society;

Membership: communications with Society members, supports the Society's traveling educational programs, participates in outreach activities;

Centralized Services: oversees all financial and personnel functions for the Society, including accounting, budgeting, financial reporting, federal grant administration, information technology, asset management, and the Museum store, which sells products representing the history of Montana, including reproductions of the collections of the Society.

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Administration Goals 2011 Biennium

Improve Internal Controls

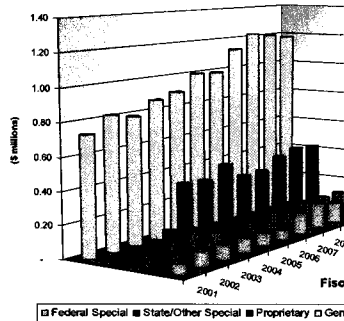
Increase membership

Enhance information technology and training

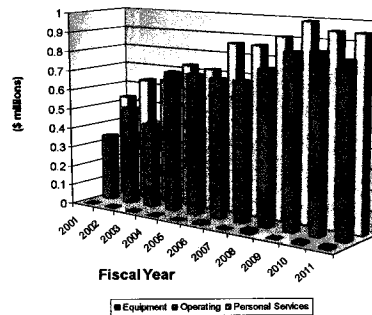
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Historical Funding and Expenditures Administration Program – HB2

Administration Funding



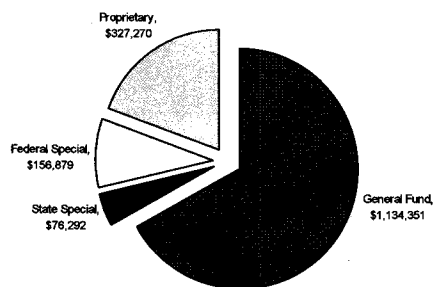
Administration Expenditures



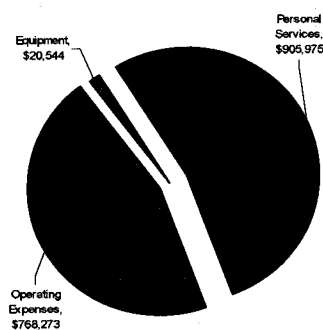
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Administration Funding and Expenditures HB2 - FY 2008

FY 2008 Funding

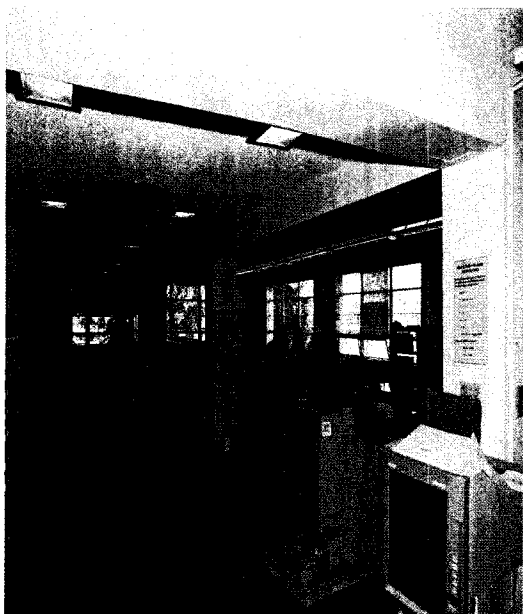
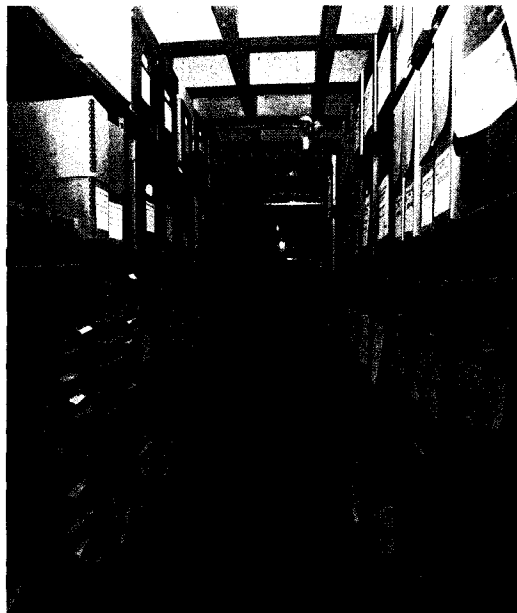


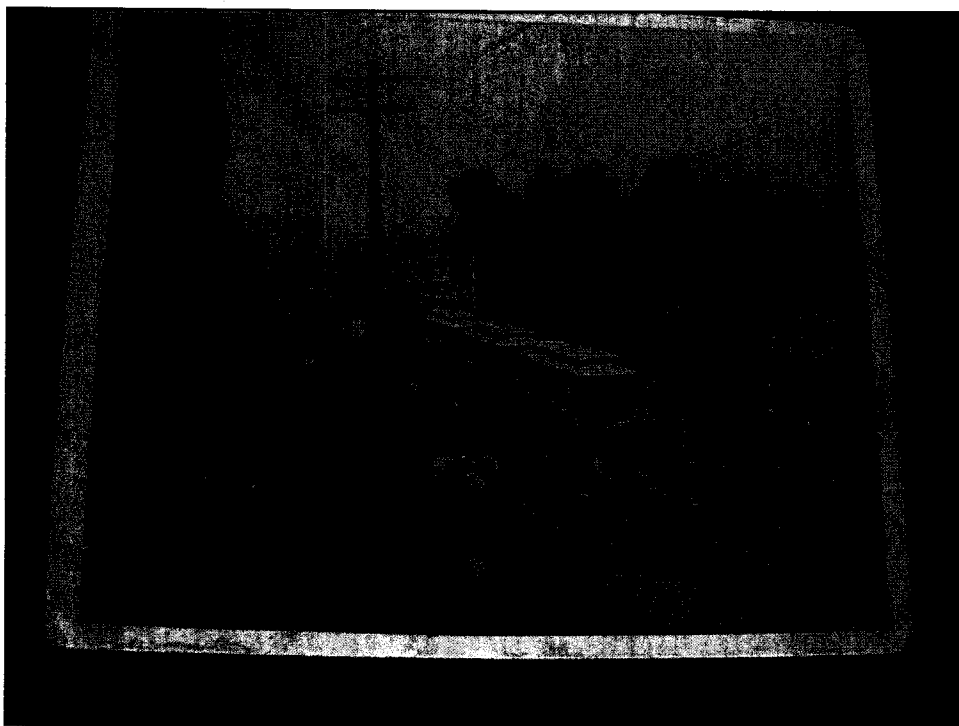
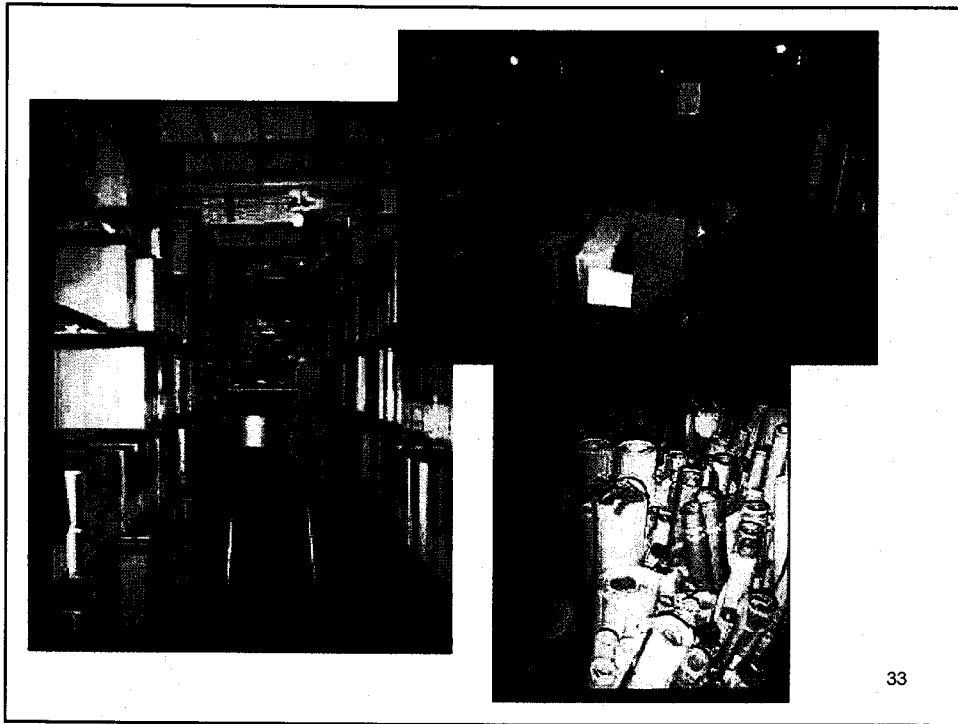
FY 2008 1st Level Expenditures

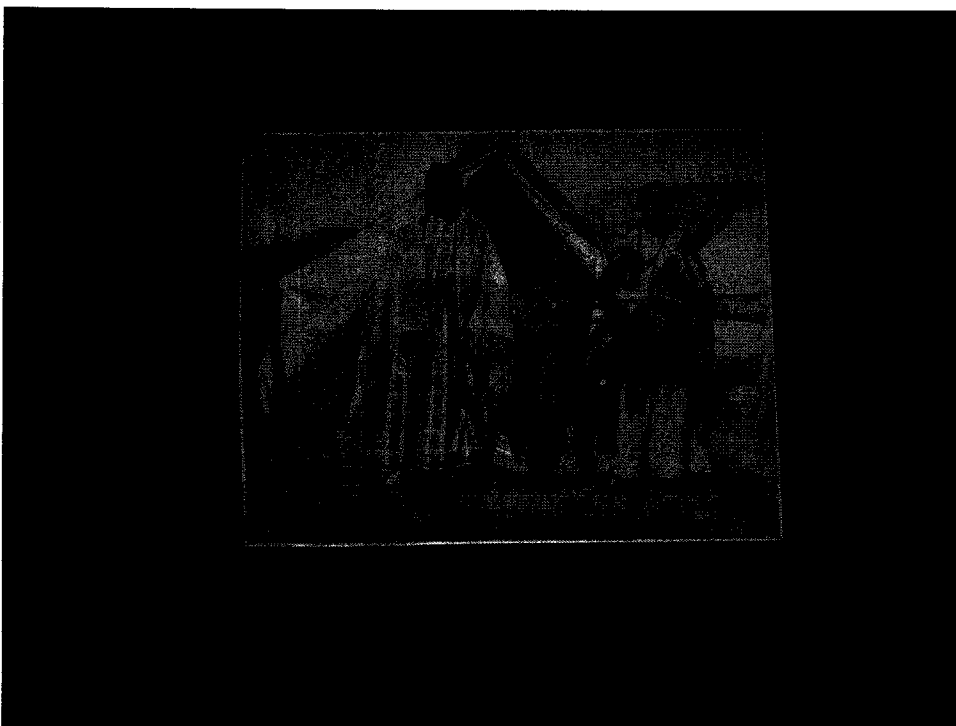


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Research Center







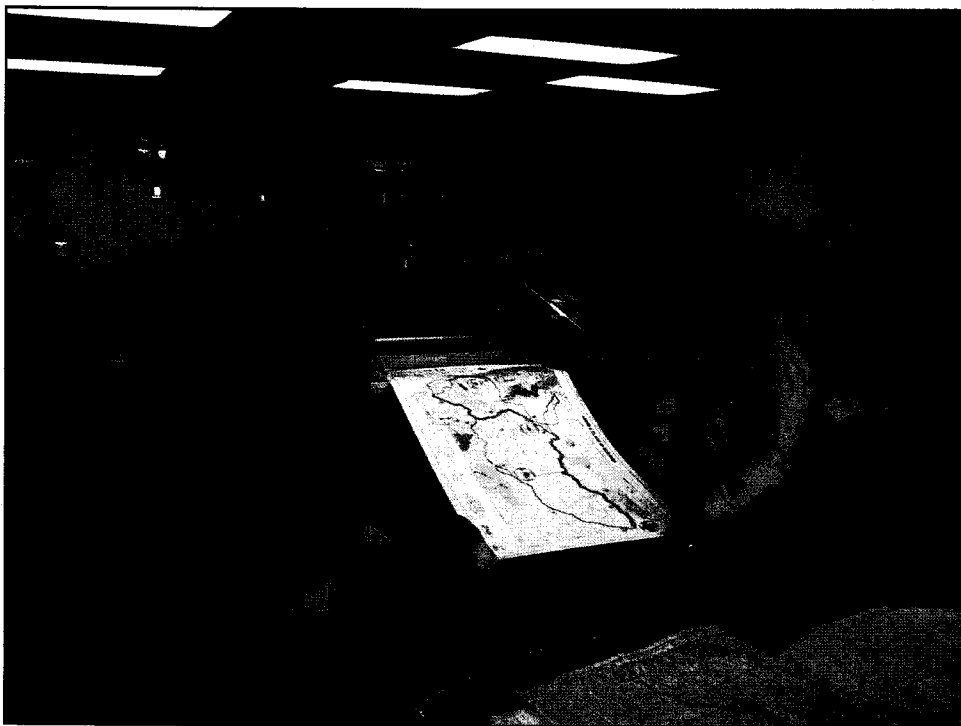
Shewt Grass County
...Banquet..

May 26, '08

THE COPPER BOWL
Hotel Finlen
Butte

LUNCHEON

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Research Center – Program 2

Archives, Library, Photograph Archives

- Provide reference and research services to the public, staff, and other state agencies
- Preserve, catalog and provide access to
 - state records and photographs
 - records and photographs of private individuals, businesses, and organizations
 - oral histories throughout Montana
 - books, maps, genealogical materials, and other published materials
- Preservation and conservation of paper records, photographs, maps, books, and other materials
- Reproductions of historic photographs and other materials in the collections
- Microfilm and preserve Montana's newspapers
- Offer public seminars, workshops, and training

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Research Center Program Goals

Develop and improve the nation's most comprehensive collection of research materials related to the history of Montana and the West.

Assist the public in the use and enjoyment of the collections by providing courteous, timely and accurate reference assistance to researchers of all types; by providing reproductions of materials in the collections; and by providing select materials to remote users via interlibrary loan.

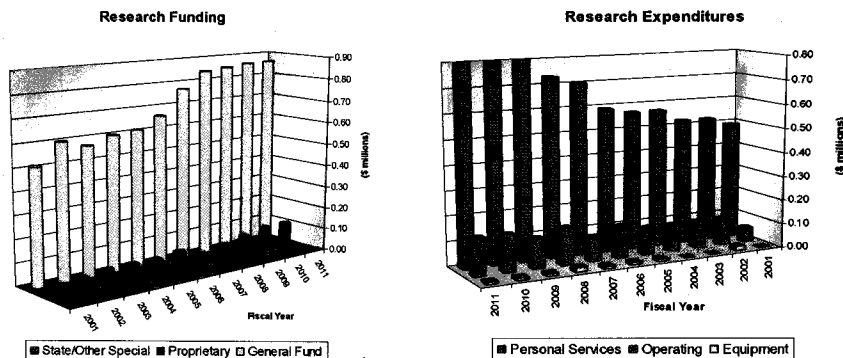
Make the collections accessible and useful to the public through their proper and timely accessioning and processing, the production of appropriate catalogs, inventories and other finding aids; and by participation in digital catalogs and online databases.

Act as the official archives for the state of Montana, thereby preserving and providing access to the permanent records of state and local government in Montana.

Preserve the collections for the use and enjoyment of future generations through proper processing, handling, storage, security, environmental controls, and knowledgeable application of preservation technologies and methodologies.

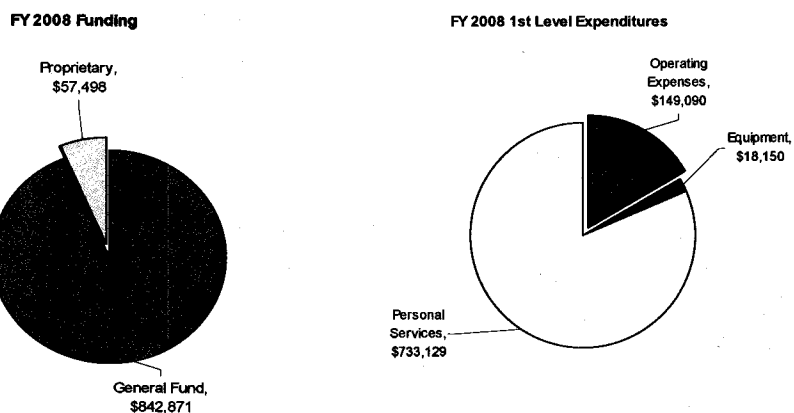
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Research Program Historical Funding and Expenditures – HB2



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Research Funding and Expenditures HB2 - FY 2008



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Research Center Acquisitions

	<u>Library</u>	<u>Archives</u>	<u>Photo Archives</u>
FY96	461 items	161 collections	3,600 photos and film
FY97	800 items*	163 collections	6,444 photos and film
FY98	3,438 items	176 collections	5,750 photos and film
FY99	**	119 collections	7,938 photos and film
FY00	**	156 collections	5,140 photos and film
FY01	634 items	83 collections	2,945 photos and film
FY02	1,436 items	181 collections	13,634 photos and film
FY03	1,333 items	181 collections	18,285 photos and film
FY04	3,319 items	161 collections	17,857 photos and film
FY05	3,243 items	142 collections	6,569 photos and film
FY06	1,847 items	162 collections	10,435 photos and film
FY07	1,098 items	96 collections	17,535 photos and film
FY08	915 items	185 collections	8,787 photos and film

* Estimate

** No data available

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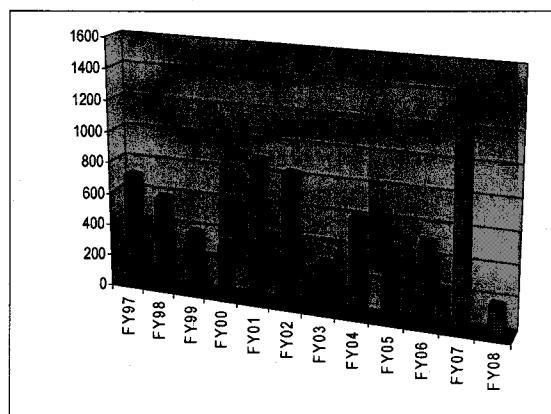
Research Center Program

Acquisitions: Linear Feet of Archival Materials

(300 linear feet of records = the length of 1 football field)

FY97= 710.8 linear feet
 FY98= 585.2 linear feet
 FY99= 381.9 linear feet
 FY00= 332.9 linear feet
 FY01= 899.7 linear feet
 FY02= 839.7 linear feet
 FY03= 297.7 linear feet
 FY04= 608.7 linear feet
 FY05= 453.2 linear feet
 FY06= 510.3 linear feet
 FY07= 1,465.3 linear feet *
 FY08= 184.0 linear feet

* Secretary of State collection - business entity files



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Research Center Program

Online Access & Digitization

The Montana Shared Catalog includes records for over 60% of our Library collection, all of our Archival collections, and 5,778 Photograph Archives images and collections searchable online.

Over 590 guides to our Archival and Photograph Archives collections are online and keyword searchable through the Northwest Digital Archives.

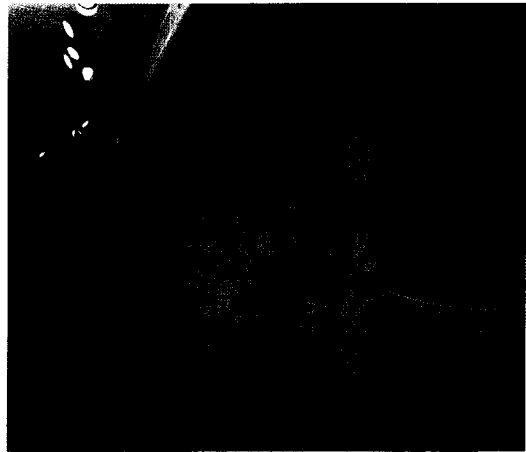
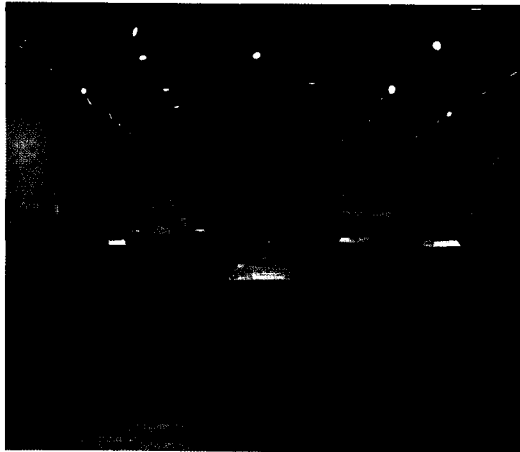
The Research Center offers digital reproductions from all collections.

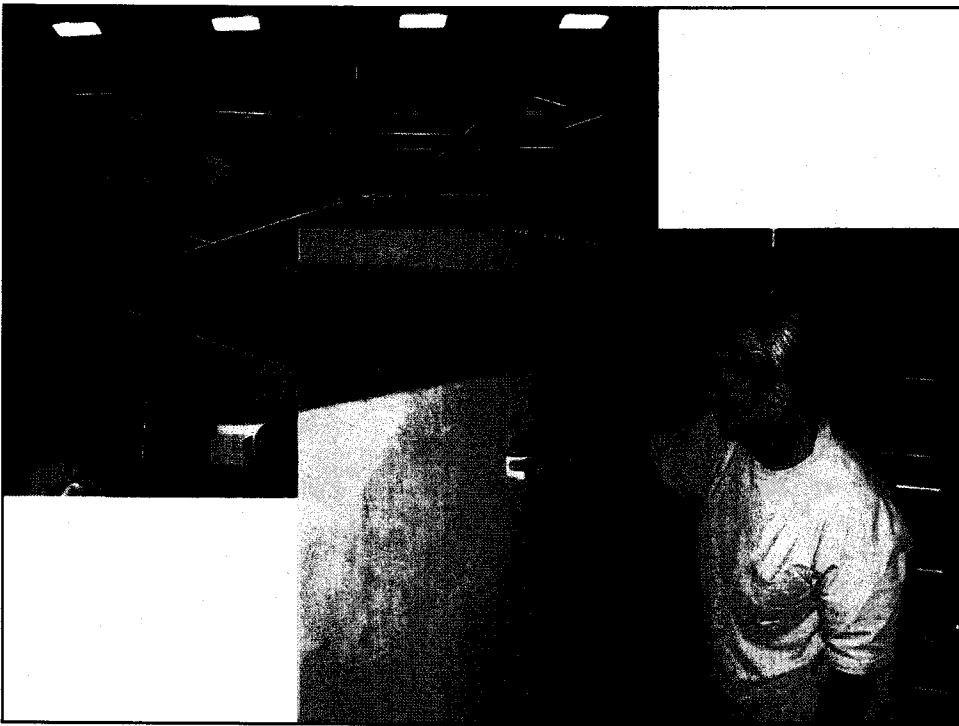
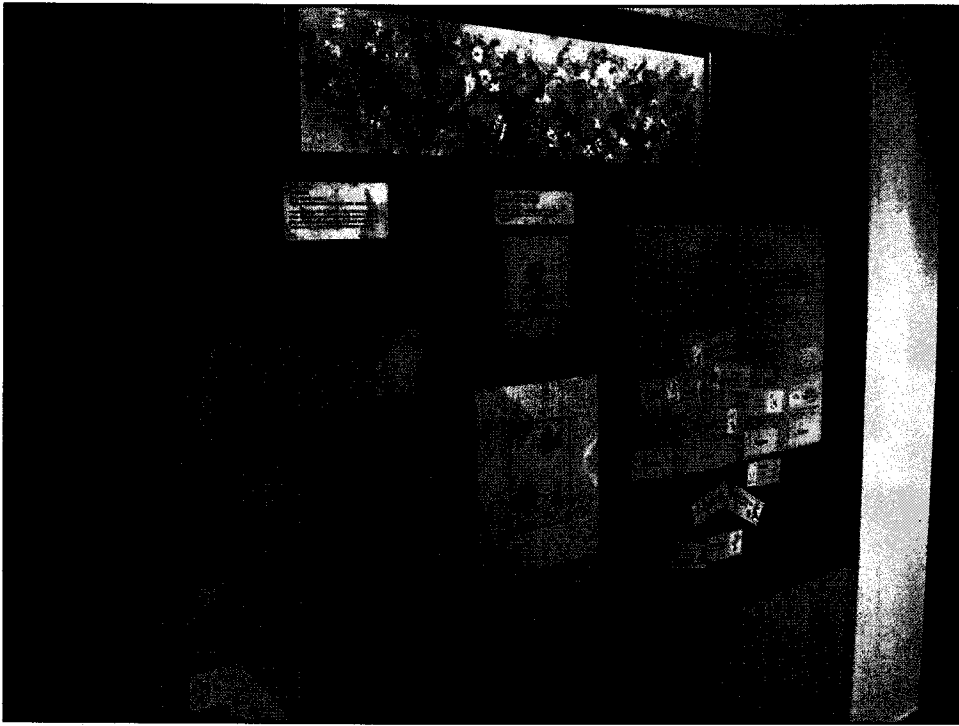
Nearly 50,000 images have been added to the Montana Memory Project, an online digital library and archives that contain collections from libraries, museums and historical societies from across the state.

Created the Montana History Wiki to help guide researchers to the resources available through the Montana Historical Society Research Center—including collection indexes, subject guides, monthly feature articles, Montana Facts, and a listing of our newspaper holdings.

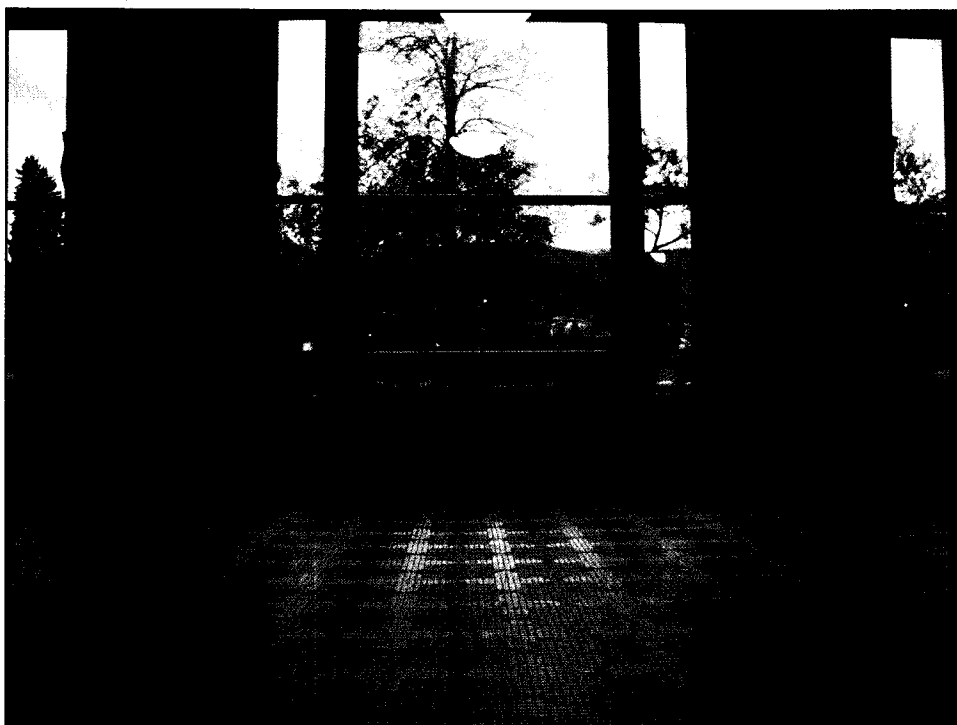
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Museum Program



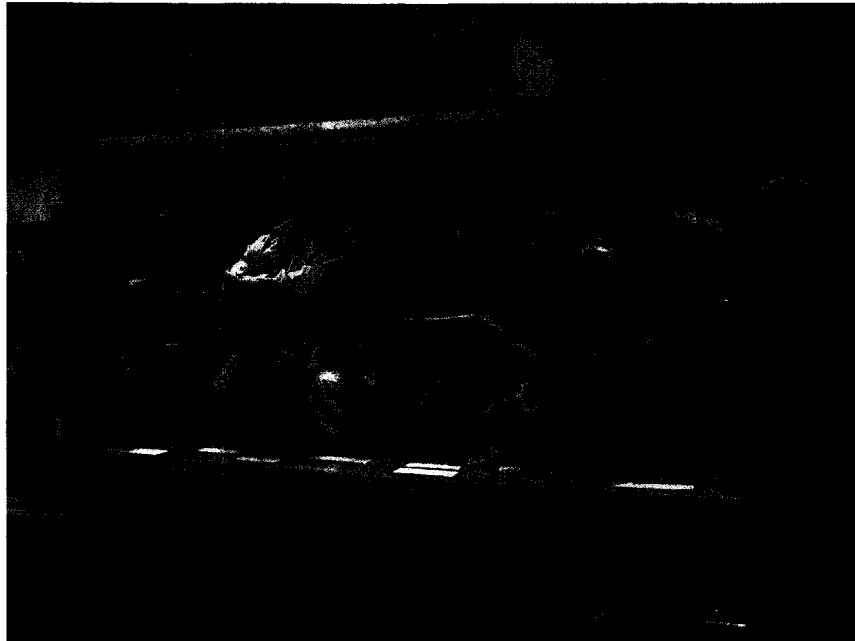






Museum – Program 3

- Preserves and manages the Society's art and artifact collections
- Preserves and manages the Capitol Complex art collection
- Loans and borrows art and artifacts for exhibitions
- Exhibits planning, design, and construction
- Interpret history and cultural materials
- Produces publications related to museum
- Operates the Original Governor's Mansion as an historic house museum
- Provides research and reference services



Museum Program Goals

Preservation of art and artifacts held in trust for the public by the museum through collections care, collections management, preservation efforts and conservation projects

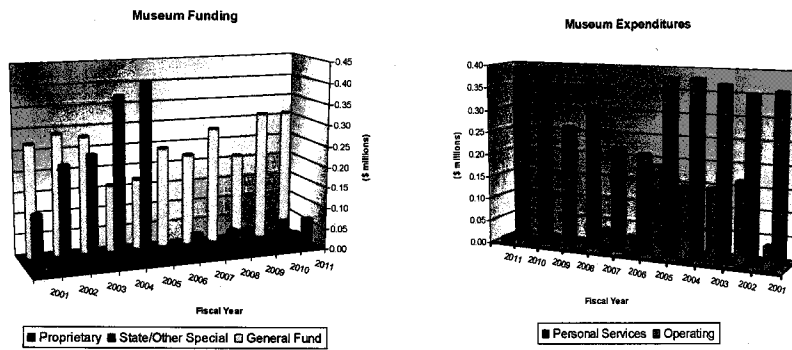
Provide quality exhibits and educational programming for statewide and national audiences at Montana's Museum, the Original Governor's Mansion and the State Capitol

Provide accurate information on historical and technical subjects to individuals, representatives of cultural organizations, governmental agencies, the educational community, and others

Develop and improve the museum's permanent collection through the acquisition of art and artifacts appropriate to the mission of the Society

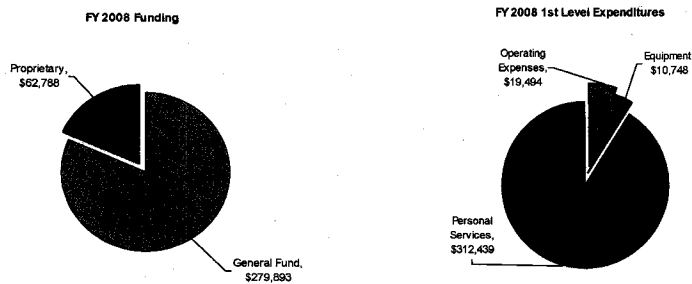
Protect and preserve the permanent artwork in the State Capitol and within the Capitol Complex

Museum Program Historical Funding and Expenditures – HB2

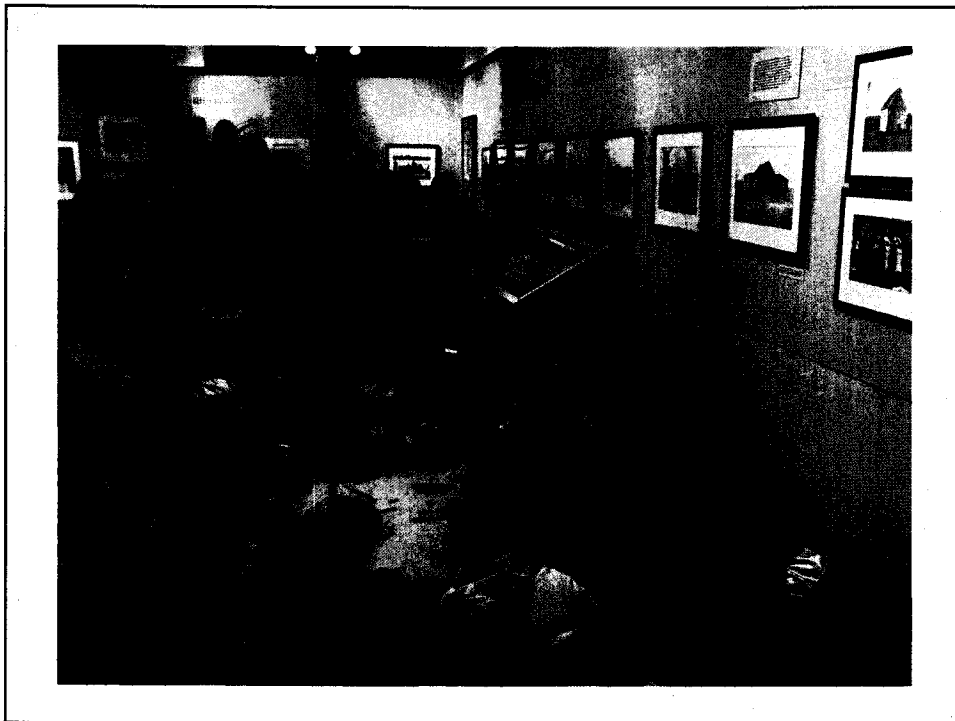


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Museum Funding and Expenditures HB2 - FY 2008



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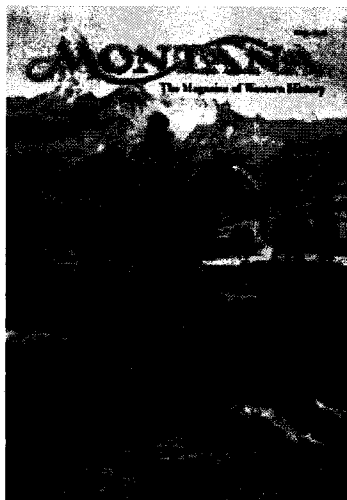
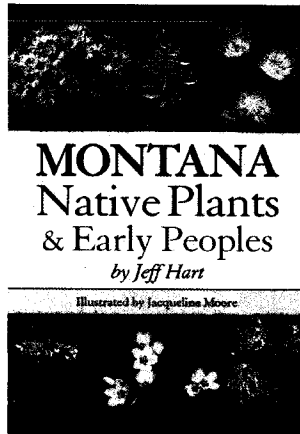


Museum Acquisitions

<u>Collections</u>		<u>Number of Artifacts</u>
FY99	95	863
FY00	58	6,312 *
FY01	62	510
FY02	70	1,192
FY03	96	443
FY04	95	962
FY05	82	289
FY06	76	492
FY07	66	320
FY08	77	525

* Includes acquisition of the Robert Scriver collection in FY00

Publications





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Publications – Program 4

Montana the Magazine of Western History

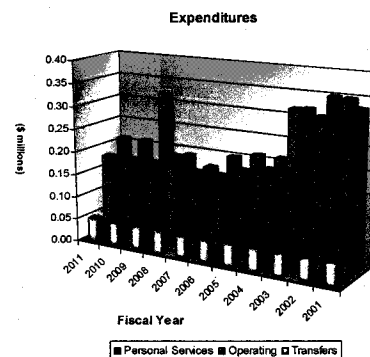
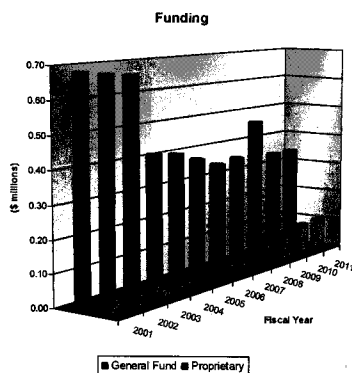
58 years of continuous publication
10,000 copies published each quarter
Subscribers in 50 states and over a dozen countries
Publishes agency's annual historical calendar

Montana's only Academic Press

Award winning press
Published five books during 2008
Three books planned for 2011 biennium
Offers internships in history and publishing
Presents annual Merrill G. Burlingame – K. Ross Toole Award
Fundraising for press projects
Bring nationally known historians to Montana for public programs

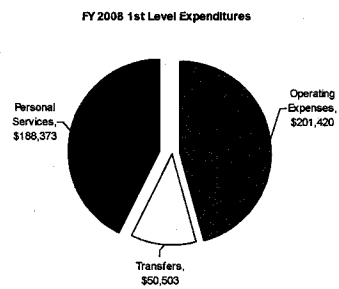
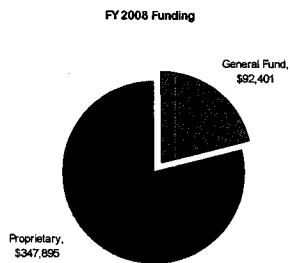
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Publication Program Historical Funding and Expenditures – HB2

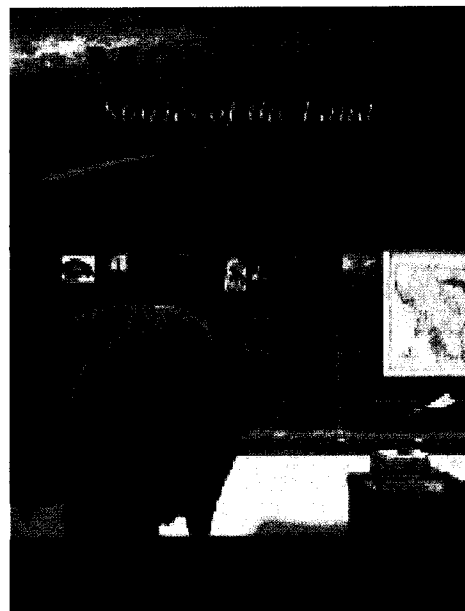
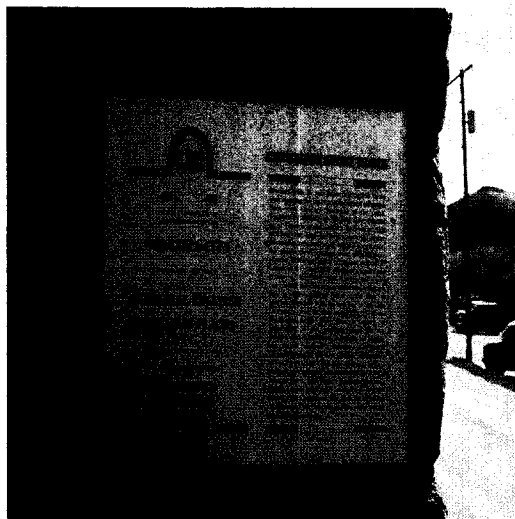


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Publications Funding and Spending HB2 - FY 2008



Education and Outreach Program



Education – Program 5

- Interprets history and cultural materials
- Conducts and provides Society-wide educational outreach
- Conducts educational tours and public programs
- Produces publications related to education
- Provides curriculum materials and resources for schools
- Conducts seminars, workshops, and training
- Manages the Society's volunteer program
- Provides research and reference services
- Administers the National Register Sign Program

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Education Program Goals

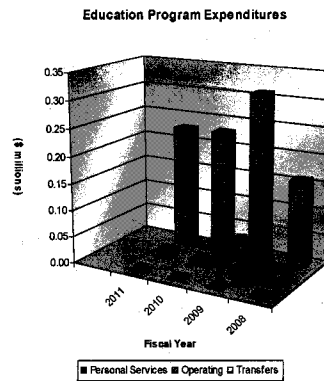
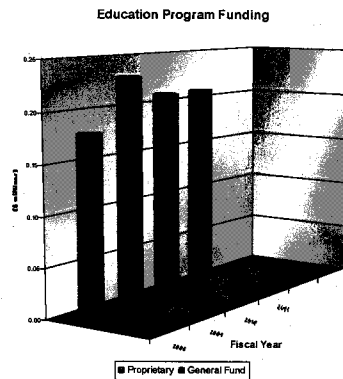
Provide quality tours that are educational and engaging to Montana school students at MHS and the State Capitol

Provide a quality educational experience for Montana school students through "Hands-on History Trunks"

Provide quality historic interpretation, easily accessible to the general public, statewide through the National Register Sign Program

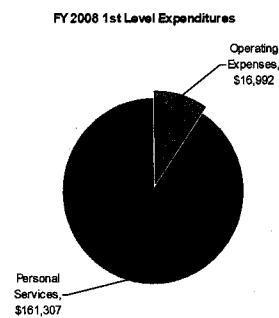
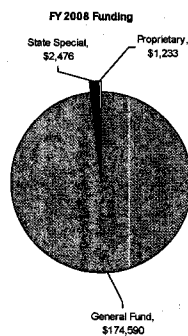
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Education Program Historic Funding – HB2



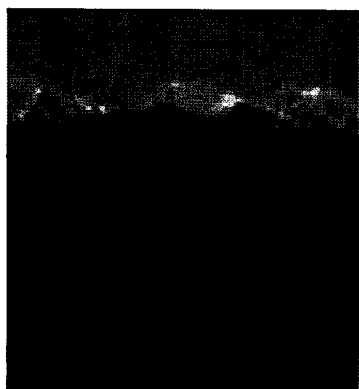
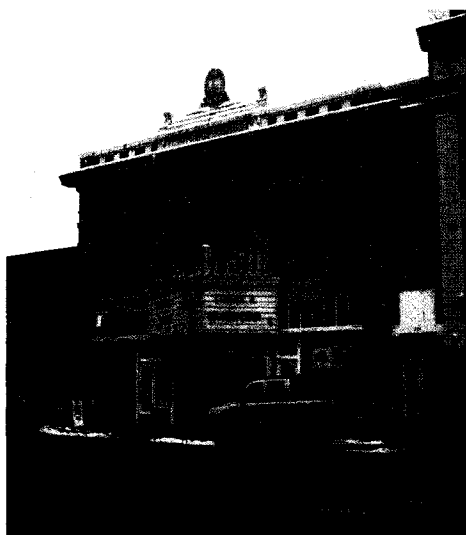
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Education Program Funding and Expenditures HB2 – FY 2008



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Historic Preservation Office

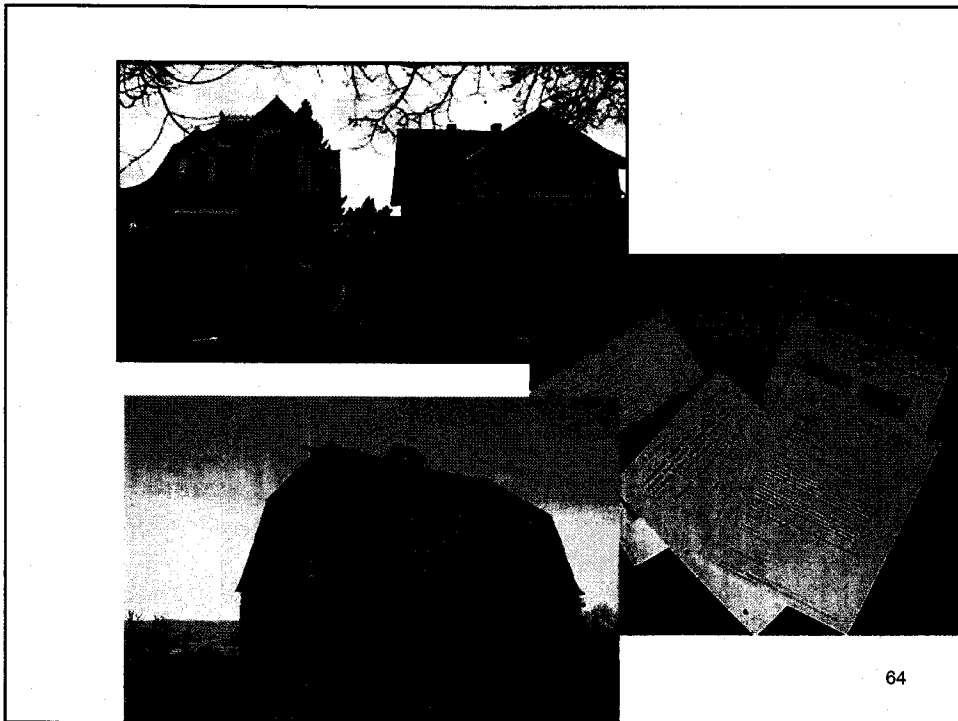


1914 Judith Theater in Lewistown, half-million dollar historic rehabilitation tax credit project and 2008 Montana Historic Preservation Award winner.

1940 era Family Cabin

Archaeology Field Trip

Naylor: Naylor Brothers Ranch barn - recipient of 2008 "brick-and-mortar" barn grant (\$10,000)





Historic Preservation - Program 6

Historic and archaeological surveys
National Register nominations for historic properties
Certification for federal tax credits
Preservation grants to local governments
Consultation on historic architecture and historic building preservation
Antiquities data base
Coordination with state and federal agencies
Archaeology
Coordination with tribes
Workshops, seminars, and outreach programs on preservation

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Historic Preservation Program Goals

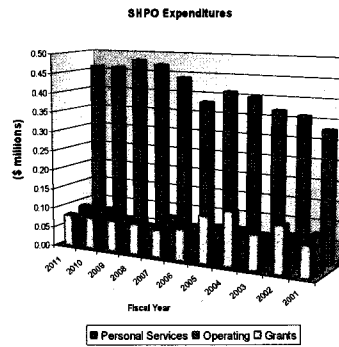
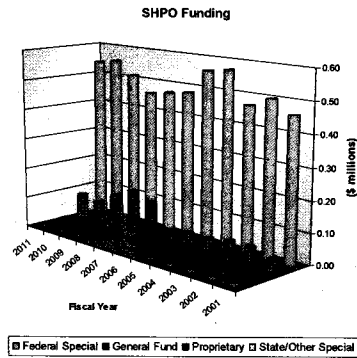
Assist and provide funding support, as available, for State and local historic preservation projects and initiatives, including survey and identification, brick and mortar restoration, planning, promotion, education, training, and interpretation

Maintain and add to statewide inventory of locations of survey and of known recorded historic and archaeological properties in Montana (State Antiquities Database)

Assist property owners in evaluating and nominating properties to National Register of Historic Places

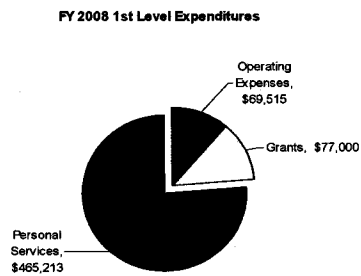
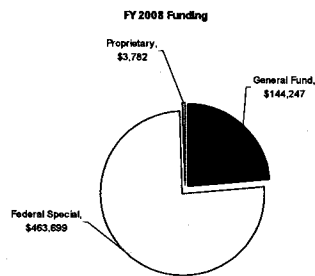
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State Historic Preservation Office Historical Funding and Expenditures – HB2



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State Historical Preservation Office Funding and Expenditures HB2 - FY 2008



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Goals and Measurable Objectives

The following figure shows the department base year and budgeted biennium goals and performance measures that are associated with the proposed 2011 biennium HB 2 budget.

Montana Historical Society Education Division		
Measurable Objectives for the 2011 Biennium		
Goal	Measurable Objectives	Current status of Measures
Provide quality tours that are educational and engaging to Montana School students coming into the MHS and the State Capitol.	<ol style="list-style-type: none"> 1. Track Number of students served annually 2. Garner feedback from teachers on the effectiveness of the tours given and their success in reaching students at the appropriate grade level 	Work in progress
Provide a quality educational experience for Montana School students not able to visit MHS in person by supplying schools statewide with "Hands-On History Trunks"	<ol style="list-style-type: none"> 1. Track number of schools served annually 2. Garner feedback from teachers on the effectiveness of the trunks and their success in reaching students at the appropriate grade level 	Work in progress
Provide quality historic interpretation, easily accessible to the general public, statewide through the National Register Sign Program.	<ol style="list-style-type: none"> 1. Track number of signs produced annually 2. Track geographic distribution of signs 	Work in progress